



Date: December 18, 2014

To: Thomas J. Bonfield, City Manager
Through: W. Bowman Ferguson, Deputy City Manager
From: Marvin G. Williams, Director of Public Works
Subject: CIP Ordinance Amendment – Northern Way Failed Development Reimbursement

Executive Summary

In 2011, Public Works collected the construction securities (\$56,496) of Northern Way Subdivision after the original developer left the subdivision incomplete. Public Works will facilitate an infrastructure agreement to complete the unfinished infrastructure in Northern Way subdivision.

The purpose of this memo is to request a General Capital Improvement Project Budget amendment to appropriate these funds through the City of Durham Failed and Struggling Development Capital Improvement Project account. This CIP Budget amendment would then allow the City of Durham to execute the infrastructure agreements and allow the City of Durham to provide payment of the funds to the new developers when the infrastructure is complete.

Recommendation

To adopt an ordinance amending the General Capital Improvement Project Ordinance, Fiscal Year 2014-15, as amended, the same being Ordinance #14623 and (to authorize expenditure of the Northern Way failed development construction securities.

Background

Northern Way Subdivision is a Category IV Failed Developments located southeast of the intersection of North Roxboro Street and Goodwin Road. The subdivision is composed of 13 lots (6 vacant) and a stormwater facility. The original developer, RCP Investments VI, LLC, went bankrupt in 2011 prior to completing the street infrastructure in the subdivision. Also, the stormwater facility was not transferred to a fully functioning Homeowners Association and has not been maintained. In 2011 Public Works collected a stormwater facility agreement security of \$42,496 and a street construction performance bond of \$14,000 for the subdivision.

Public Works will draft a reimbursement agreement to refund a new developer some of the cost of completing the infrastructure in Northern Way.)

Issues/Analysis

To enable the reimbursement to a new developer for completing the remaining infrastructure at Northern Way Subdivision the General Capital Improvement Project Ordinance must be amended.)

Alternatives

Do not adopt an ordinance amending the CIP to allocate the funds obtained from the Northern Way subdivision construction security. This would prevent DSM Builders, Inc. from completing the stormwater and street infrastructure in Northern Way subdivision. The residents would be responsible for completing the street infrastructure and transferring the management of the stormwater facility for them to perform repairs. This alternative is not recommended.

Financial Impact

The funding of this project would not impact the City financially as the funds were collected from the construction security issued by the original developer of the project. Funds are being appropriated through the General Capital Improvement Project so that the funds may be spent through a reimbursement contract with the new developer.

Northern Way:

GF Construction Deposits	3606-212402	<u>\$ 14,000.00</u>
SW Construction Deposits	4300-212402	<u>\$ 42,496.00</u>
TOTAL		\$ 56,496.00

SDBE Summary

The SDBE Summary is not applicable to this item.